



REVIEW OF THE
DEPARTMENT OF CORRECTIONS
WESTERN RECEPTION AND DIAGNOSTIC
CORRECTIONAL CENTER

**From The Office Of State Auditor
Claire McCaskill**

Report No. 2000-77
August 23, 2000
www.auditor.state.mo.us

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

August 2000

www.auditor.state.mo.us

The following problems were discovered as a result of a review conducted by our office of the Department of Corrections, Western Reception and Diagnostic Correctional Center.

The Western Reception and Diagnostic Correctional Center was originally established as a satellite facility of the Western Missouri Correctional Center in 1993 and occupied one building on the grounds of the St. Joseph State Hospital. The intent of the satellite facility was for the inmates to help the community with the massive devastation to the local area from the 1993 floods. In 1994, the Park Building Treatment Center became operational and the decision was made by the Department of Corrections to take over the old hospital facilities once the hospital had moved to its new site. The final phase of construction was completed in September 1999. The newly named Western Reception and Diagnostic Correctional Center is the Department of Corrections' reception center for the western region of the state. Newly convicted offenders or those returned from probation and parole supervision, will be housed there while they undergo evaluation and classification to determine their permanent institutional assignments. The Western Reception and Diagnostic Correctional Center will continue to house general population offenders and offenders participating in substance abuse prevention programs. The total capacity for all classifications of offenders is 1,880.

The Western Reception and Diagnostic Correctional Center (WRDCC) maintains an armory for firearms, ammunition, chemical agents, restraints, and miscellaneous items which are accessed through the armory sergeant, armory officer, or shift supervisor at the control center.

- To account for the issuance of these firearms and ammunitions, an armory log is maintained which is a written record of routine and emergency distributions of firearms. A review of the armory log for June 1999 revealed that firearms were recorded as being issued to a particular post rather than to an individual. In addition, the individual actually issued the firearm was not required to sign the log. The armory log should provide a record of who has responsibility for each weapon issued.
- Monthly physical inventories of the armory are performed by the same armory officer that has custody of inventory. This practice is in violation of department procedures which state that the physical inventory must be verified by an institutional employee whose duties do not include the maintenance of that particular inventory.

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YELLOW SHEET

- The armory's perpetual inventory records have not been updated since June 1999. As a result, a comparison of physical inventory counts to balances recorded in the perpetual records is not possible, and the effectiveness of the periodic physical inventory procedures is minimized. Department procedures require the armory to maintain a perpetual inventory of stock.

In January 1999, the Department of Corrections, Division of Offender Rehabilitative Services entered into a contract with Missouri Western State College to provide adult basic education and diagnostic services to WRDCC. Contract expenditures totaled \$229,331 for the fiscal year ended June 30, 1999.

Each month the WRDCC receives an invoice accompanied by an itemized listing of all program expenses with a payroll report attached. Supporting documentation is not routinely provided for the non-payroll expense entries, such as travel costs, educational and data processing supplies, telephone, etc. As a result, significant payments are being approved without obtaining supporting documentation.

A careful review of supporting documentation is necessary, at least on a periodic basis, to substantiate the validity, propriety, and reasonableness of amounts billed by the college. Because WRDCC personnel are more familiar with the college personnel and services being provided, it appears essential that these detailed comparisons of billings to supporting documentation be performed at the correctional center prior to transmitting the billing to the Department of Corrections – Central Office for payment.

Other items noted in the report included:

- Vending machine commissions paid to the facility did not comply with the written agreement resulting in an approximate underpayment of \$774 from October 1998 to December 1999.
- There is no independent verification of physical counts of food inventory items. Food requisitions are not being properly signed by the food service manager. U.S. Department of Agriculture foods are not being properly reported.
- Perpetual inventory records are not maintained for all canteen items. Month-end physical inventory counts of canteen food and personal items are not compared to any records and no one independent of the canteen verifies the inventory counts.
- Some inmate monies found during the intake process are not being recorded on the reception center receipts log.

REVIEW OF THE
DEPARTMENT OF CORRECTIONS
WESTERN RECEPTION AND DIAGNOSTIC
CORRECTIONAL CENTER

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Mel Carnahan, Governor
and
Dora Schriro, Director
Department of Corrections
and
Ronald Schmitz, Superintendent
Western Reception and Diagnostic Correctional Center

We have conducted a review of the Department of Corrections, Western Reception and Diagnostic Correctional Center. The scope of our review included, but was not necessarily limited to, the years ended June 30, 1999 and 1998. The objectives of this review were to:

1. Review certain management practices and financial information for compliance with applicable constitutional provisions, statutes, regulations and administrative rules.
2. Review the efficiency and effectiveness of certain management practices.
3. Review certain revenues received and certain expenditures made by the correctional center.

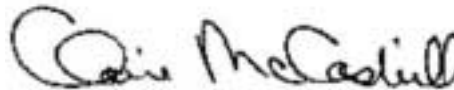
Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed the correctional center's revenues, expenditures, contracts, applicable legal provisions, rules and regulations, and other pertinent procedures and documents, and interviewed correctional center and other state personnel.

As a part of our review, we assessed the correctional center's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Our review was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the correctional center's management and the Statewide Accounting for Missouri (SAM) system and was not subjected to the procedures applied in the review of the Department of Corrections, Western Reception and Diagnostic Correctional Center.

The accompanying Management Advisory Report presents our findings and recommendations arising from our review of the Department of Corrections, Western Reception and Diagnostic Correctional Center.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

March 2, 2000 (fieldwork completion date)

The following auditors participated in the preparation of this report:

| | |
|---------------------|------------------------|
| Director of Audits: | Kenneth W. Kuster, CPA |
| Audit Manager: | Regina Pruitt, CPA |
| In-Charge Auditor: | Lori Bryant |
| Audit Staff: | Renee` Alvarez |
| | Casey Henry |

MANAGEMENT ADVISORY REPORT SECTION

REVIEW OF THE
DEPARTMENT OF CORRECTIONS
WESTERN RECEPTION AND DIAGNOSTIC
CORRECTIONAL CENTER
SUMMARY OF FINDINGS

1. Education and Diagnostic Contracts with Missouri Western State College (pages 6-7)

Monthly invoices submitted by the college are not accompanied by supporting documentation.

2. Vending Machine Commissions (pages 7-8)

Commissions paid to the facility by the vending company did not comply with contract terms and resulted in an approximate underpayment of \$774 from October 1998 to December 1999.

3. Food Inventories (pages 8-10)

There is no independent verification of physical inventory counts. Food requisitions are not being properly signed by the food service manager. U.S. Department of Agriculture foods are not being properly reported.

4. Canteen Procedures (pages 10-12)

Perpetual inventory records are not maintained for all canteen items. Month-end physical inventory counts are not compared to any records and there is no independent verification of physical inventory counts. Periodic calculations of canteen sales are not being performed and compared to reported sales.

5. Reception Center Inmate Receipts (pages 12-13)

Some inmate monies found during the intake process are not recorded on the reception center receipts log.

6. Armory Procedures (pages 13-14)

The armory log does not include adequate documentation regarding the issuance of firearms. There is no independent verification of physical inventory counts for the armory. The armory's perpetual inventory records are no longer being maintained.

REVIEW OF THE
DEPARTMENT OF CORRECTIONS
WESTERN RECEPTION AND DIAGNOSTIC
CORRECTIONAL CENTER
MANAGEMENT ADVISORY REPORT -
STATE AUDITOR'S RECOMMENDATIONS

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| 1. Education and Diagnostic Contracts with Missouri Western State College |
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In January 1999, the Department of Corrections (DOC), Division of Offender Rehabilitative Services entered into a contract with Missouri Western State College to provide adult basic education and diagnostic services to Western Reception and Diagnostic Correctional Center (WRDCC) inmates. Contract expenditures totaled \$229,331 for the fiscal year ended June 30, 1999. There are several individuals employed full-time by the college to provide the services. These individuals work out of office space maintained at WRDCC. The college treats the program as if it were another department of the college and accumulates the related costs throughout the month. We reviewed the contract terms, monthly billings, and supporting documentation, and noted some concerns.

Each month the WRDCC receives an invoice accompanied by an itemized listing of all program expenses with a payroll report attached. Supporting documentation is not routinely provided for the non-payroll expense entries, such as travel costs (motel, mileage, meals), educational and data processing supplies, postage, telephone, furniture/equipment, publications/books, etc. Although the WRDCC business office receives the college's invoice, no review of the invoice details is performed. Rather, the invoice is forwarded to the DOC – Central Office for approval, processing, and payment. According to college personnel, no supporting documentation has been requested by the DOC – Central Office. We obtained the college's invoice for June 1999 and reviewed the itemized listing of program expenses and payroll report. A comparison of this information to supporting documentation (ie; invoices, expense reimbursement claims, etc.) on file at the college revealed no discrepancies.

Significant payments are being approved without obtaining supporting documentation. A careful review of supporting documentation (invoices, expense reimbursement claims, etc) is necessary, at least on a periodic basis, to substantiate the validity, propriety, and reasonableness of amounts billed by the college for monthly program expenses. Because WRDCC personnel are more familiar with the college personnel and services being provided, it appears essential that these detailed comparisons of billings to supporting documentation be performed at the correctional center prior to transmitting the billing to the DOC – Central Office for payment. Without such procedures in place, inappropriate billings and/or errors could occur and go undetected.

WE RECOMMEND the WRDCC work with the college to obtain and/or review, at least on a periodic basis, all supporting documentation for charges billed and resolve any questions or discrepancies prior to approving the college invoices for payment.

AUDITEE'S RESPONSE

We concur with the auditor's findings that monthly invoices submitted by the college were not accompanied by supporting documentation. As a result of the auditor's findings, procedures were amended to comply with the auditor's recommendation starting with the February 2000 invoice.

- ◆ *Staff at the department's institutions reviewed invoices submitted by Missouri Western State College and then submitted them to the Department's Central Office with documentation available to them attached to the invoice.*
- ◆ *All interagency agreement invoices for education services between the department and contractors were forwarded to the Coordinator for Education Interagency Agreements in the Division of Offender Rehabilitative Services, Missouri Department of Corrections. The coordinator reviewed each invoice and ensured that sufficient documentation was present prior to processing accordingly. The coordinator also requested any documentation needed to resolve concerns and made adjustments as deemed necessary prior to submitting the invoices for payment.*
- ◆ *Effective immediately this process will be amended and all documentation and billings will accompany the invoices when submitted from the education contractor to the department's institution. The institutional staff will ensure that all documentation is verified at the local level. The process described in this paragraph will ensure that there is double checking of the invoices, and that each institution as well as the Department's Central Office has a full set of documentation for each invoice.*

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| 2. Vending Machine Commissions |
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The WRDCC utilizes a private vendor to provide and service vending machines at the facility. The vendor periodically provides a commissions statement and remits two checks (one payable to the facility's personnel club and one payable to the inmate canteen fund). The contract on file at the WRDCC indicates the vendor is to remit commissions to be computed as a percentage of total gross sales. Vending machine commissions totaled over \$55,000 during the two years ended June 30, 1999. Department of Corrections Procedure No. D4-4.4, Section III.C. provides that in all institutions the income from vending machines located in areas accessible to both staff and offenders or the public are to be allocated 40 percent to an authorized employee organization or activity and 60 percent to the inmate canteen fund, while all income from vending machines located in institutional areas accessible to employees only may be retained by the authorized employee organization or for an authorized activity. Our review of the vending arrangement at the WRDCC noted areas where improvements are needed.

During October 1998, the WRDCC determined the vendor had not been paying commissions on several machines from July 1997 to August 1998. The WRDCC contacted the vendor and subsequently received \$5,020 in commissions in November 1998.

We reviewed commissions statements for the period October 1998 to December 1999 and noted that commissions on two cigarette machines were calculated on net sales (gross sales after sales taxes had been withheld) rather than gross sales as required by the terms of the contract. As a result, the vendor underpaid commissions on these machines by \$463. It was also noted that commissions were not paid on three new machines during September, October, and November 1999, resulting in the vendor owing an additional \$281 in commissions. Once these errors were brought to the WRDCC's attention, the WRDCC contacted the vendor and subsequently received \$774 in commissions in February 2000.

Despite periodic contact with the vendor, commission payments are frequently not received by the WRDCC until approximately two months or more after the end of the month applicable to the commission statement. The vending company's contract stipulates that sales figures will be computed on a monthly basis, a report generated, and check issued.

While the WRDCC did review monthly commission statements, the errors occurring since October 1998 as noted above had not been detected. It appears changes in the WRDCC's business office personnel since late 1998 have resulted in less effective reviews of vending commission receipts. The WRDCC also has no procedures in place to verify reported sales on which commissions are based. Thorough reviews are necessary to ensure the propriety of commissions received and compliance with contract terms.

WE RECOMMEND the WRDCC establish procedures to verify the reported sales, improve its review procedure to ensure compliance with contract terms, check the accuracy of commission statements and amounts remitted, and continue its efforts to have the vendor remit monies timely.

AUDITEE'S RESPONSE

We concur with the auditor's findings that the vendor did not comply with the contract terms which resulted in an underpayment of approximately \$774 for October 1998 to December 1999.

- ◆ *During February 2000, the \$774 outstanding commission was collected from the vendor.*
- ◆ *Beginning in July 2000, sales are compared with commission on a minimum of three items each month. Different items will be selected monthly.*

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| 3. | Food Inventories |
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During the year ended June 30, 1999, the WRDCC served 812,926 meals to inmates with food costs of approximately \$564,000. The institution maintains perpetual inventory records for all food items except for bread and milk products and fresh produce.

- A. Generally, the food service employees perform the monthly physical counts of food inventories. These employees also have custody of the inventory. We scanned the computer generated inventory summaries for the period July 1998 to

December 1999. The reports for only three of the 18 months had the signature of an employee not regularly assigned to the food service section.

This practice is in violation of the Department of Corrections (DOC)'s policy IS10-1.15, Section III.B., which states that the physical inventory count must be verified by an institutional employee who is not assigned to the food service section. An independent verification enhances the controls over the food inventories.

- B. The food services manager prepares the daily menus for the cooks and the cooks prepare a food requisition form listing the food needed for each day's meals. The cooks send the completed requisition to the food storage area. The food services storekeeper then fills the order. We noted that the food service manager did not sign the requisition form as required by the DOC policy IS10-1.17.

To maintain adequate control and accountability over food inventories, food should only be removed from storage with an authorized requisition form. Failure to enforce proper controls and procedures over the food inventory subjects the facility to an increased risk of theft.

- C. WRDCC receives commodity food items through the U. S. Department of Agriculture (USDA) Food Distribution Program. These commodities are inventoried and accounted for separately from other food items used by the facility. Each month the food service storekeeper performs physical inventory counts and prepares an expendable inventory summary report, documenting the beginning and ending commodity food inventory balances as well as the quantity of commodity food items received and used. The WRDCC also maintains perpetual inventory records for all USDA food items.

DOC Procedure No. IS10-1.17, Section III.B.3. requires USDA foods used to be included on the daily food services reports (DFSR) along with other food items. WRDCC began recording USDA foods on the DFSRs in January 1999. However, the USDA food usage on these daily reports is not reconciled to the expendable inventory summary report.

Our comparison of the DFSRs and the expendable inventory summary reports for the calendar year 1999 indicated that for all but three months, there were differences in the quantities of the various USDA foods usage presented on the two reports. Our review of this information for the year ended December 31, 1999, indicated that the total value of the usage reported on the expendable inventory summary reports was \$3,669 more than what was reported on the DFSRs and the majority of this relates to one item, dry milk. Based upon discussions with food service employees, procedures were not in place to ensure that USDA foods were included on the DFSRs and the amounts used on the expendable inventory summary reports were calculated based upon the actual physical counts at the beginning and ending of the month, taking into account any items received during the month.

To maintain adequate control and accountability over USDA food inventories, the WRDCC must require reconciliations between amounts reported as used per the

DFSRs, perpetual inventory records, and the monthly expendable inventory summary. Otherwise, improprieties may occur without detection.

WE RECOMMEND the WRDCC:

- A. Segregate the duties of inventory taking from the custody of food inventories. An employee who is not assigned to the Food Service Section should observe the inventory and perform test counts.
- B. Require the food service manager to sign completed requisitions.
- C. Reconcile the USDA Food Distribution Program usage reported on the daily food service report to the expendable inventory summary report and perpetual inventory records on a periodic basis to ensure the inventories are accounted for properly.

AUDITEE'S RESPONSE

- A. *We concur with the auditor's findings that there was no independent verification of inventory counts. Beginning April 2000, the Associate Superintendent of Operations assigned a Correctional Classification Assistant and other non-food service staff to verify the monthly food service physical inventory.*
- B. *We concur with the auditor's findings that food requisitions were not properly signed for by the food service manager. Effective July 11, 2000, the Food Service Manager (or in his absence a designated Cook III) signs all completed food requisitions.*
- C. *We concur that the U.S. Department of Agriculture foods were not properly reported. Effective July 11, 2000, for all USDA foods issued, their costs are recorded on the Daily Food Services Report for that day. A running total of USDA food costs for the month is also entered on each Daily Food Service Report.*

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| 4. Canteen Procedures |
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The WRDCC operates a canteen for the inmates' benefit. We reviewed the canteen's inventory controls and reporting and noted some concerns.

- A. Perpetual inventory records are not maintained for all canteen items. Perpetual inventory records are maintained for expensive or high-risk items, such as radios, tape players, and televisions, however, perpetual records are not maintained for food, cigarettes, and personal use items. As required by department policy, the canteen employees perform physical inventories of all canteen items held for resale at each month-end. Because no perpetual inventory records are maintained for food, cigarettes, and personal use items, the results of these counts are not compared to any records. It was also noted that the employees performing the month-end counts also have custody of the inventory and no verification by someone independent of canteen responsibilities is performed. As a result of these various concerns, there is limited monitoring of changes in canteen

inventory and the benefit of month-end physical inventory procedures is lessened without comparison to perpetual inventory records and independent verification.

Deficiencies with the current automated canteen system's handling of certain transactions and problems with the entry of item code and price data for some products have contributed to the inventory monitoring problems. Discussions with Department of Corrections personnel indicate they are aware of the limitations of the current canteen inventory system and are working toward implementation of a new inventory system which will provide perpetual inventory records. This new system had been installed in one facility as of May 2000. Once the new inventory system is in place, monthly inventory counts of all items held for resale should be compared to the perpetual inventory record to lessen the possibility that instances of loss, misuse, or theft of canteen inventory will go undetected. In the meantime, the WRDCC should consider utilizing data available from the various canteen reports to verify the month-end balances of selected canteen items and ensure that month-end counts are verified by an institutional employee not assigned to the canteen.

- B. We performed calculations to estimate canteen sales for October 1999 and November 1999 based on purchases and the beginning and ending inventory levels from the month-end report of inventory on hand. The estimated sales were \$769 less than and \$114 more than actual reported sales per the daily close reports for October and November 1999, respectively.

Differences between calculated sales and reported sales may occur for various reasons, such as inaccurate physical inventory counts; recording sales incorrectly in the cash register; goods returned to vendor; and, theft, loss, or misappropriation of canteen resalable goods.

The WRDCC's management should periodically perform similar calculations to determine if irregularities are occurring. Significant variances should be investigated.

WE RECOMMEND the WRDCC:

- A. Reconcile month-end physical inventory counts to the new perpetual inventory records once this system is implemented. Until this time, however, records currently available should be utilized to verify month-end counts for some canteen items (at least on a test basis). In either case, any discrepancies should be investigated in a timely manner. Also, assign an employee independent of the canteen to verify physical inventory counts performed by the canteen.
- B. Periodically estimate canteen sales and compare the estimated sales to reported sales. Management should investigate and account for all significant variances.

AUDITEE'S RESPONSE

- A. *We concur with the auditor's findings that perpetual inventory records were not maintained for all canteen items and there is no independent verification of physical inventory counts.*

- ◆ *Beginning in March 2000, perpetual inventories were established and are maintained for all canteen warehouse items.*
- ◆ *Beginning in June 2000, all inventory counts are verified by an employee independent of the canteen.*

B. We concur with the auditor's findings that periodic calculations of canteen sales were not being performed and compared to reported sales. As part of a comprehensive upgrade to our canteen operation, a new automated canteen system has been developed over the past six months which corrects these deficiencies. Implementation at all DOC institutions is currently underway. As an interim corrective step, beginning in July 2000, the Daily Canteen Item Movement reports are being utilized to conduct spot checks on inventory and to verify month-end item counts.

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| 5. | Reception Center Inmate Receipts |
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The WRDCC receives newly convicted offenders and those returned from probation and parole supervision at the reception center. The offenders bring with them personal property, including cash. If monies are received at the initial intake point, the monies are posted to the reception center receipts log; however, if monies are found on the offender at a later step in the intake process, it is recorded on the inmate's personal property inventory form but not included on the log.

All monies regardless of when found are put into a locked box to be picked up by the facility's business office along with the log. Currency is placed in sealed envelopes indicating the name of the offender, amount, and date. The offender, the receiving officer, and a witness are required to sign the envelope to attest to the amount placed in the envelope. These envelopes are not numbered. The business office prepares revenue transmittals to send collections to the DOC – Inmate Finance Section for deposit into the individual inmate's account.

To ensure all inmate receipts are properly accounted for and transmitted, all monies should be placed in prenumbered envelopes and recorded on the reception center log. The envelope number should be posted to the log and the numerical sequence accounted for properly. The logs should be reconciled to revenue transmittals. In addition, the log should be modified to indicate whether monies were found at initial intake point or later in the process.

WE RECOMMEND the WRDCC maintain a log of all inmate receipts and reconcile the log to revenue transmittals. In addition, prenumbered envelopes should be used for all inmate receipts and the numerical sequence of the envelopes should be accounted for properly.

AUDITEE'S RESPONSE

We concur in part with the auditor's findings that receipts of specific inmate monies at the reception center were not all recorded on the reception center log. This finding primarily

concerns monies that were concealed by the inmate at admission to the institution. Beginning January 2000, all monies received from inmates, including concealed monies that are found after the inmate's initial reception processing, are placed in a sealed envelope and logged. Numbered envelopes are not desirable as there are numerous locations where monies may be discovered. Maintaining envelopes in sequence is not practical due to the number of these areas.

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| 6. Armory Procedures |
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The WRDCC maintains an armory for firearms, ammunition, chemical agents, restraints, and miscellaneous items which are accessed through the armory sergeant, armory officer, or shift supervisor at the control center.

- A. To account for the issuance of these firearms and ammunitions, an armory log is maintained which is a written record of routine and emergency distribution of firearms. We reviewed the armory log for June 1999 and found that items were recorded as being issued to a particular post rather than to an individual. In addition, the individual actually issued the firearm is not required to sign the log. While DOC policy IS20-2 indicates that the institution head may authorize routine assignment of firearms to personnel in certain posts when considered essential to maintain the security of the institution, the armory log should provide a record of who has responsibility for each weapon issued.
- B. Monthly physical inventories of the armory are performed by the same armory officer that has custody of inventory. This practice is in violation of the Department of Corrections Procedure No. D4-5.1, Section III.B.1., which states that the physical inventory must be verified by an institutional employee whose duties are not the maintenance of that particular inventory. An independent verification enhances controls of armory inventories.
- C. The armory's perpetual records of inventory items have not been updated since June 1999. As a result, a comparison of physical inventory counts to balances recorded in the perpetual records is not possible, and the effectiveness of the periodic physical inventory procedure is minimized. Department of Corrections Procedure No. D4-5.1, Section III.A., requires the armory to maintain a perpetual inventory of stock.

Effective internal controls over inventories require perpetual records be maintained on all inventory items in accordance with departmental policy. In addition, a comparison of the balances obtained during the physical inventory count with the balances recorded on the perpetual inventory records must be required. Furthermore, adequate controls over inventories are necessary to ensure errors and other irregularities are prevented or detected in a timely manner.

WE RECOMMEND the WRDCC:

- A. Maintain a complete and properly documented armory issuance log. In addition, the individual being issued a firearm should be required to sign the log.
- B. Require the armory to have the physical inventories verified by an employee independent of custodial and record-keeping duties.
- C. Update and continuously maintain perpetual inventory records for items held in the armory, compare the balances to the monthly physical inventory counts and document this comparison on the perpetual inventory records, and follow up on discrepancies noted.

AUDITEE'S RESPONSE

- A. *We concur with the auditor's findings that the armory log did not include adequate documentation regarding the issuance of firearms. In January 2000, the institution implemented procedures that require completion of the armory issuance log for all firearm and ammunition issuance.*
- B. *We concur with the auditor's findings that monthly physical inventories were performed by the armory officer. Effective January 2000, the monthly physical inventories are conducted by an employee independent from the armory.*
- C. *We concur with the auditor's findings that perpetual inventory records of the armory were no longer being maintained. Effective January 2000, WRDCC began updating the perpetual inventory records for all armory items and resumed monthly maintenance of those records.*

This report is intended for the information of the management of the Western Reception and Diagnostic Correctional Center and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DEPARTMENT OF CORRECTIONS
WESTERN RECEPTION AND DIAGNOSTIC
CORRECTIONAL CENTER
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Western Reception and Diagnostic Correctional Center was originally established as a satellite facility of the Western Missouri Correctional Center in 1993 and occupied one building on the grounds of the St. Joseph State Hospital. The intent of the satellite facility was for the inmates to help the community with the massive devastation to the local area from the 1993 floods. In 1994, the Park Building Treatment Center became operational and the decision was made by the Department of Corrections to take over the old hospital facilities once the hospital had moved to its new site. The final phase of construction was completed in September 1999. The newly named Western Reception and Diagnostic Correctional Center is the Department of Corrections' reception center for the western region of the state. Newly convicted offenders, or those returned from probation and parole supervision, will be housed there while they undergo evaluation and classification to determine their permanent institutional assignments. The Western Reception and Diagnostic Correctional Center will continue to house general population offenders and offenders participating in substance abuse prevention programs. The total capacity for all classifications of offenders is 1,880.

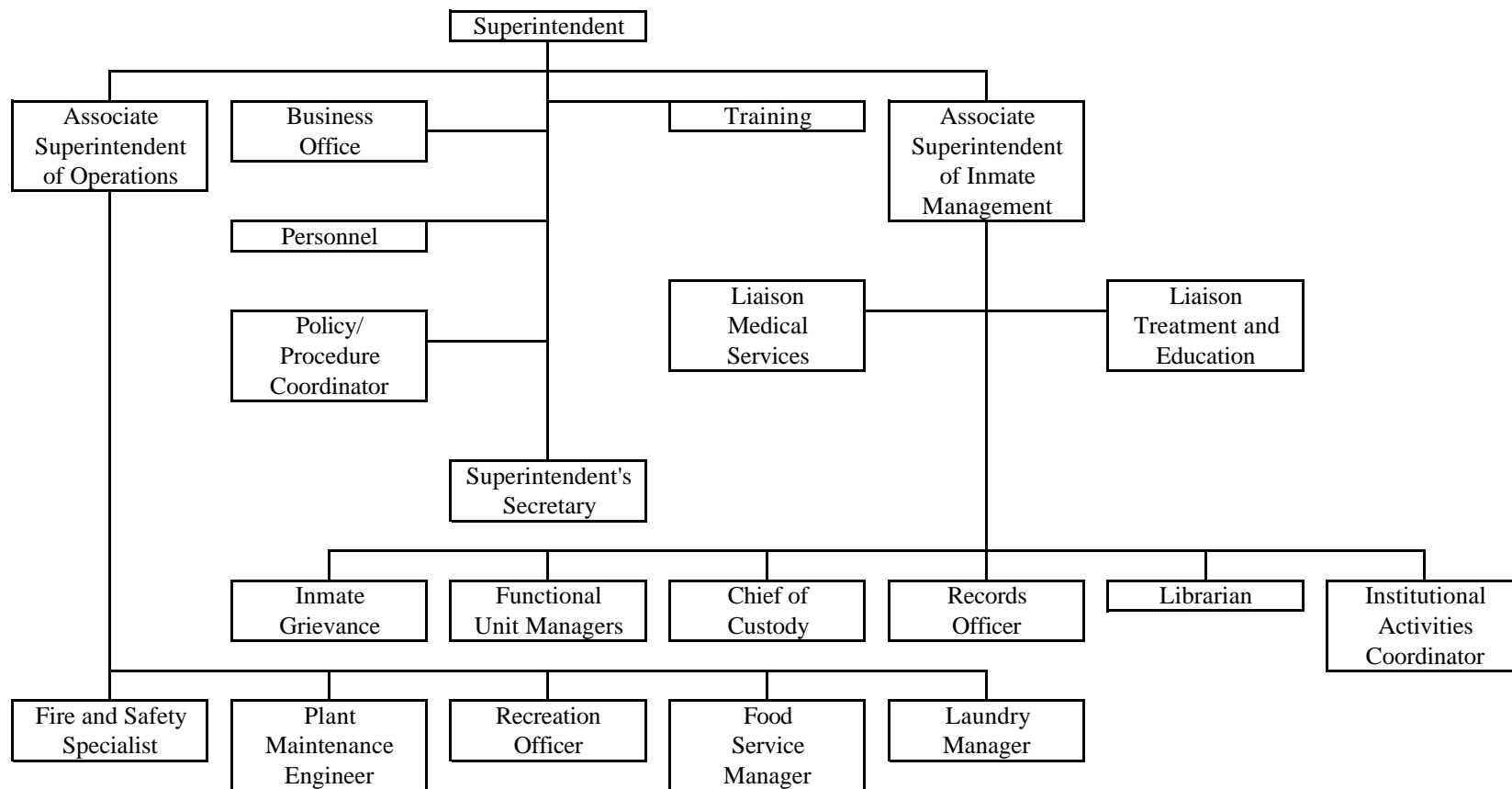
The administration of Western Reception and Diagnostic Correctional Center consists of one superintendent and two associate superintendents. The associate superintendent of operations is responsible for inmate food service, recreation, institutional activities, facilities maintenance, fire and safety, and laundry. The associate superintendent of inmate management is responsible for inmate custody and classification.

The Department of Corrections has entered into an inter-agency agreement with Missouri Western State College. Starting in September 1999, through this agreement the university provides adult basic education for the general inmate population and educational diagnostic services for reception center's inmates.

The Western Reception and Diagnostic Correctional Center was selected to be the pilot site to implement the Parallel Universe Program which began in October 1999. The concept is for the DOC to move away from making every decision for inmates. Under this program, the inmates will be placed in different levels. Each level can only be obtained with good adjustment and each level will give the inmate more privileges and additional responsibilities.

The Western Reception and Diagnostic Correctional Center employed approximately 590 assigned to various administrative, service and security functions as of June 30, 1999. Ronald Schmitz serves as the facility superintendent. An organization chart follows:

DEPARTMENT OF CORRECTIONS
 WESTERN RECEPTION AND DIAGNOSTIC CORRECTIONAL CENTER
 ORGANIZATION CHART
 JUNE 30, 1999



Appendix A

DEPARTMENT OF CORRECTIONS
WESTERN RECEPTION AND DIAGNOSTIC CORRECTIONAL CENTER
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES (See Note)

| | Year Ended June 30, | | | | | |
|--|---------------------|--------------|-----------------|----------------|--------------|-----------------|
| | 1999 | | | 1998 | | |
| | Appropriations | Expenditures | Lapsed Balances | Appropriations | Expenditures | Lapsed Balances |
| GENERAL REVENUE FUND - STATE | | | | | | |
| Costs associated with increased inmate population department-wide, including, but not limited to funding for personal services, expense and equipment, contractual services, repairs, renovations, capital improvements and the Western Reception and Diagnostic Correctional Center | \$ 0 | 0 | 0 | 11,888,063 | 11,499,319 | 388,744 |
| Personal Service | 1,311,438 | 1,040,624 | 270,814 | 1,246,794 | 1,229,070 | 17,724 |
| Installation of fencing, exterior lighting, and other work necessary for the St. Joseph Buchanan Building to function as a correctional facility | 17,547 | 13,112 | 4,435 | 294,955 | 277,408 | 17,547 |
| Total General Revenue Fund - State | \$ 1,328,985 | 1,053,736 | 275,249 | 13,429,812 | 13,005,796 | 424,016 |

Note: The appropriations presented above are used to account for and control the facility's expenditures from amounts appropriated to the facility by the General Assembly. The facility administers transactions from the appropriations presented above. However, the state treasurer as fund custodian and the Office of Administration provide administrative control over the fund resources withing the authority prescribed by the General Assembly. This does not represent all expenditures of the facility. Some expenditures relating to individual facilities are charged to department-wide appropriations and are not identified by facility (including some purchases of food inventory, computer equipment, and paper products). Expenditures charged to department-wide appropriations that are identified to the facility are noted in Appendix B.

Appendix B

DEPARTMENT OF CORRECTIONS
WESTERN RECEPTION AND DIAGNOSTIC CORRECTIONAL CENTER
COMPARATIVE SCHEDULE OF EXPENDITURES (FROM APPROPRIATIONS) (See Note)

| YEAR ENDED JUNE 30, | | | | |
|---|---|---|---|------------------|
| 1999 | | 1998 | | |
| Expenditures From Facility Appropriations | Expenditures From Department-wide Appropriations for WRDCC | Expenditures From Facility Appropriations | Expenditures From Department-wide Appropriations for WRDCC | |
| Salaries for permanent employees | \$ 1,040,024 | 9,249,178 | 3,136,084 | 2,551,502 |
| Wages for temporary employees | 600 | 26,668 | 11,354 | 9,153 |
| Repairs and improvements | 10,800 | 0 | 245,509 | 0 |
| Travel and vehicle expense | 0 | 66,367 | 22,388 | 18,173 |
| Transportation equipment purchase | 0 | 339,261 | 549,020 | 0 |
| Office expense | 0 | 219,163 | 174,823 | 33,199 |
| Office and communication equipment purchases | 0 | 1,022,763 | 710,230 | 11,479 |
| Communication expense | 0 | 528,580 | 2,318 | 3,655 |
| Institution and physical plant expense | 0 | 2,827,338 | 4,159,018 | 114,672 |
| Institution and physical plant purchase | 0 | 1,672,233 | 3,576,717 | 29,830 |
| Data processing expense and equipment | 0 | 281,704 | 220,751 | 4,365 |
| Professional services | 2,312 | 28,384 | 37,348 | 4,090 |
| Other expense | 0 | 147,817 | 160,236 | 6,815 |
| Total Expenditures | \$ <u>1,053,736</u> | <u>16,409,456</u> | <u>13,005,796</u> | <u>2,786,933</u> |

Note: Not included in this schedule are expenditures paid from department-wide appropriations that do not specify amounts by facility. Except for salaries, expenditures presented pertain largely to construction, renovations, and start-up costs.

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